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SUBJECT: CANADA'S CONSERVATIVE PARTY HAS SOLID LEAD AS
ELECTION CAMPAIGN ENTERS FINAL PHASE

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11. (C/NF) SUMMARY: With ten days to go before election day, Stephen Harper's Conservative Party of Canada seems to be heading for victory. Most commentators now believe a minority government is in his grasp; a few are beginning to speculate about a possible Conservative majority (Comment: unlikely). A thus far cautious, well-run campaign by Harper, and the inability of the Liberals to counter a growing popular image of a party mired in systemic scandal have resulted in desperation. Polls show that, after 13 years of Liberal rule, most voters feel that it is time for a change. A series of attack ads directed against Harper, or a series of gaffes by Harper himself, may yet turn things around as they did in the June 2004 election, but the time for that to happen is fast slipping away. A minority Conservative government would face major transition challenges as it struggled to take over the reins of power held by Liberals for the last thirteen years. It would also face determined opposition from the three ideologically different opposition parties who, together, could bring the Conservative government down at virtually any time. Another election would be likely within twelve to twenty-four months. END SUMMARY

CONSERVATIVE MACHINE ROLLS ON

12. (SBU) The gaffes that plagued the pre-Christmas Liberal campaign have continued, while the slow, careful Conservative campaign has gained traction. On January 10, the Liberals tried to regain momentum (or at least to stem the slide) with attack advertisements targeting Conservative Leader Stephen Harper. The simple ads conjure up an image of a scary Harper with a hidden agenda that would dismantle Canada's social welfare program and would substitute Canadian "values" for a right-wing American agenda. During the last election, this tactic turned the tide against the Conservatives, but much of the current media debate is whether or not these ads went over the top. One particular ad, targeting Conservative plans for Canada's military, was pulled from the Liberal website (and only aired briefly in French), but not before the media had made a copy. It has become the symbol of both the excesses of Liberal negative campaigning and of Liberal desperation.

13. (SBU) The final debates (January 9 & 10 in English and French) may have been a turning point. Stephen Harper did not score major victories, but he kept his cool, stayed on message, and looked credible as a Prime Ministerial candidate. He wasn't 'scary.' Martin, by contrast, appeared desperate and grasping for an issue. He caused a stir when he announced his intent to sponsor a constitutional amendment to remove the federal government's ability to use the "Notwithstanding Clause" to oppose court-ordered social policies. This was quickly dismissed by commentators and skillfully exposed by the other parties as a poorly construed campaign ploy.

14. (SBU) The New Democratic Party (NDP), for its part, entered the campaign with some traction as its leader, Jack Layton, has honed his style as a federal politician and because the party had real success in promoting social policies during the previous minority Parliament. Essentially, the NDP strong-armed the minority Liberals, keeping them in power in return for concessions. The NDP, whose chief consistently ranks as the most "likeable" of the four major leaders, is trying to avoid what happened in the June 2004 election when Liberal scare tactics about the Conservative Party prompted up to 30 percent of NDP sympathizers to vote Liberal to prevent a Conservative Government. Layton's mantra is that "progressive" voters do not have to choose between corrupt Liberals and right-leaning Conservatives: elect enough NDP members and they will hold the balance of power. Layton has campaigned on the traditional NDP platform of social justice and support for working families. As the campaign concludes, much of the Party's message is lost in increasingly noisy fight between the Liberals and Conservatives.

15. (SBU) The separatist Bloc Quebecois (BQ) has taken advantage of the Liberal advertising scandal in the province and is on course to hold or perhaps even build upon the 54 seats they won last time. Interestingly, though solidly in first place in Quebec, their numbers have dipped recently as

the Conservatives make slight gains at their expense. This adds credibility to the suggestion that many people support the Bloc only to punish the Liberals. If Conservative momentum continues to build nationwide, the Conservatives stand to pick up a very small number of seats in Quebec (which until last week seemed impossible). However, Quebec Liberals point out that the rise of the Tories in Quebec may only split the federalist vote, possibly resulting in even more BQ separatists being elected in Canada's first past the post system.

THE ISSUES THAT MATTER

16. (SBU) For the record, several issues have risen to prominence during the campaign, some expected, others not:

--Tax cuts: The parties have very different ideas of what constitutes a meaningful tax cut. While they continue to fight for the attention of bottom-line minded working Canadians, the Conservatives say cuts of the federal sales tax (GST) is the only way to make sure cuts apply to everyone equally, but the Liberals (and the other parties) counter that such a cut would allow the poorest Canadians to save only pennies, while the rich would save big.

--Ethics: Government accountability and ethics have dominated the Conservative attack against the Liberals. The decisive point in focusing public attention on the issue, and indeed the "tipping point" in the election came right after Christmas when the RCMP announced that it was investigating an advance leak of information on the government's income trust policy. The Liberals have tried their best to deflect the corruption issue and focus instead on "values," with Paul Martin playing the role of defender of "true Canadian" social values against the conservative "American" values of Stephen Harper.

--Crime and Security: A wave of gang-related homicides in Toronto has sharply focused the country on the growing problem of urban violence. All parties, even the NDP, have taken up the call to "do something" by imposing minimum sentencing for gun crimes and trying teenagers as adults.

--Charter Rights: Charter Rights (abortion, same-sex marriage primarily) surfaced in Liberal Party portrayals of Prime Minister Martin as the great defender of the Charter against alleged challenges by the Conservatives. Martin's somewhat confusing debate announcement on a constitutional change to do away with the "Notwithstanding Clause" never got legs and commentators described it as an act of desperation.

--National Unity: The Quebec advertising scandal (a federal Liberal initiative) led to the Bloc Quebecois resurgence in the 2004 elections, but the Liberals nonetheless present themselves as the only party capable of restoring the balance of federalism in Quebec. The Conservative Party (until recently dormant in Quebec) has begun to make gains at the expense of the Bloc and, to some extent the Liberals, indicating their success in raising their profile in the province. However, with zero seats at present in Quebec, the Tories have no political organization to speak of, and for this reason alone will have limited capacity to capitalize on their rise in popular support in the province.

17. (C/NF) Comment: A week in this campaign has often been a very long time so there is still a bit of hedging going on here. But among the most telling signs that the Tories are on their way to 24 Sussex is the increasing soundings we are hearing of Liberals who are starting to sort out either their next job as they leave power, or what they will need to do to return to power. There is even talk that some Liberals see their impending loss as an opportunity to change leaders, retool their message, and come back strong after making life perfectly miserable for the Tories for 18 or so months. While there is still a chance that the Tories will stumble -- today's triple headlines about dissing Kyoto, revisiting missile defense, and questioning a C\$5 billion aboriginal assistance program was arguably Harper's biggest slip of the campaign -- the Liberals have fallen so far that it would take a good deal more than one headline to retake the lead. They could, however, with some help, come to even the score a bit. The proximity of the race will be important to watch, for therein will be the composition of the Opposition and the strength of the Conservative mandate, all of which will determine how effective the Tories will be in governing and how much room they will have to maneuver.

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